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FM AMCONSUL SURABAYA

TO RUEHC/SECSTATE WASHDC 0428

INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS

RUEHBY/AMEMBASSY CANBERRA 0196

RUEAIIA/CIA WASHDC

RHHMUNA/HQ USPACOM HONOLULU HI

RUEHJA/AMEMBASSY JAKARTA 0415

RUEHJS/AMCONSUL SURABAYA 0437

RUEHKO/AMEMBASSY TOKYO 0063

RUEHBJ/AMEMBASSY BEIJING 0008

UNCLAS SECTION 01 OF 02 SURABAYA 000062

SIPDIS

DEPT FOR EAP/MTS, EAP/MLS, INR/EAP, EB

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TAGS: ECON PGOV EINV SOCI ID CH

SUBJECT: SURABAYA: SOUTHEAST ASIA'S LONGEST BRIDGE OPENS--BUT IMPACT
IN QUESTION

REF: A. SURABAYA 13 (BUILDING INDONESIA'S LONGEST BRIDGE)

1B. 2007 SURABAYA 78 (MADURA UNPREPARED FOR BRIDGE)

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¶1. (U) Summary: After decades of sporadic planning, Indonesia's longest bridge opened on June 10th. Empty pockets and grass roots opposition stymied the span that now links the islands of Java and Madura. Burdened with symbolism before it carried its first car, skepticism over promised economic benefits mixed with fears of spiritual pollution by Madura's Islamic leaders delayed the project. Chinese funding and engineers helped overcome the final barriers to construction. While street lamps disappear from the span and ferry operators demand government subsidies, economists, officials and religious leaders don't yet have a sense of the likely economic or social impact on four of East Java's poorest regencies. End summary.

¶2. (U) President Yudhoyono officially opened the Suramadu bridge, linking the islands of Madura and Java, on June 10, 2009. The bridge had been a dream of successive Presidents and Governors since the 1960s, but ground was not broken until 2003. The 1998 global financial crisis and fear of outside influence by Madura's conservative Muslim leaders stalled construction until 2005, when Chinese investment and a more supportive Madurese population was assured.

Chinese Investment

¶3. (U) The 5.4 kilometer span connects East Java's provincial capital, Surabaya, to Madura Island, previously only accessible by a 30-minute ferry ride. The project's total cost, including connecting roads, was nearly USD 445 million. A Chinese Contractor Consortium built half the bridge; Indonesian contractors completed the rest. Chinese loans accounted for a reported USD 178 million. The Suramadu Bridge is just one tranche of Chinese-supported infrastructure projects in Indonesia totaling a reported USD 507 million.

¶4. (U) As Chinese loans and engineers revived the project, Madura's Islamic establishment agreed to drop its opposition. Former East Java Governor and Madura native Muhammad Noer was instrumental in convincing conservative clerics that Madura needed to embrace the bridge in order to raise living standards. Fears remain that unskilled and uneducated Madurese will be further marginalized in their own backyard, if factories are built that don't require their skills. Some clerics remain concerned that Madura's conservative religious culture will be polluted by unhealthy influences from Java.

Bridge to a Question Mark

¶15. (U) If Madura had a concrete economic development plan -- integrated with the province -- the bridge could attract investors, tourists and bring a multiplier effect say local economists. On June 16, the Governor of East Java announced that President Yudhoyono had appointed the former Regent of Madiun as the province's representative for the Suramadu Development Area Board based on his "capability to understand Madurese culture." To date, however, neither provincial nor local governments have engaged in the planning needed to realize the bridge's promise, according to Airlangga University Prof. Slamet. Slamet believes reduced transport costs will make Madura's labor more competitive and should spur near-term local job growth. Congen Surabaya's meetings with Madura's academics, local officials and religious leaders all suggest that the course of development will be left to chance, rather than guided by planning.

Falling Ferry Usage -- Missing Pieces

¶16. (U) Since the bridge opened to traffic, ferry operator ADSP reported a 40% drop in motorcycles and a 70% drop in cars using the ferries. Ferry operators expressed concern that the number of ferry users will continue to drop as the bridge toll is lower than a ferry ticket. The government estimates that ferry passenger traffic will decrease 20-50% as a result of the bridge's opening. Ferry operators have requested the government subsidize their operations and raise bridge tolls in order to maintain ferry-related jobs.

¶17. (U) Security on the bridge has been problematic, as newspapers report that several holes have been discovered on the approaches and main span where users have removed nuts and

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bolts, especially in the motorcycle lanes. After the press reported that at least 42 street lamps were missing from the span, raising concerns about the safety of shipping under the bridge, PT Jasa Marga, the bridge operator, announced it would install closed circuit TV and the East Java Provincial Police announced it would increase its routine patrols of the bridge.

MCCLELLAND